Memorandum

To: KHSAA Board of Control and Staff

From: Commissioner Brigid L. DeVries

Re: Response to new SAS 112 Requirements

Miller, Mayer, Sullivan & Stevens LLP ("Audit Firm") conducted the 2008 KHSAA audit required on an annual basis. The ("Audit Firm") presented their Report on Audited Financial Statements and Management Correspondence to the Board of Control at the December 18, Board Meeting. Due to the increased accounting requirements as a result of the new SAS 112 accounting standards, recommendations were made by the ("Audit Firm") and included in the Management Correspondence. The following are the changes made as a result of these recommendations:

- Any signature stamp used for check authorization is locked up and kept in a secure location.
- All journal entries will be reviewed by at least one member of the executive staff.
- The bank reconciliation functions will be reported from the Accounts Payable functions and the bank reconciliation will be reviewed by at least one member of the executive staff upon completion.
- No check will be written until the appropriate invoice has been approved.
- The accounts payable person may not authorize any invoices for payment.
- Blank checks will be stored in the Association vault.

As a result of these changes and to ensure that duties are properly segregated, the Association accounting functions will be divided as follows:

- General ledger account reconciliation will be assigned to Fay Isaacs.
- Accounts payable functions will be performed by Darlene Koszenski.
- Accounts receivable functions will be performed by Cheryl Goodwin.
- The executive staff review of accounting functions will be coordinated by the Commissioner and performed primarily by Assistant Commissioner Julian Tackett, and other executive staff on an as need basis. In the event that Mr. Tackett generates an accounting entry, the Commissioner will oversee those entries.

The Board of Control will be informed of any additional changes to the Association accounting procedures to comply with future SAS 112 requirements.